

OTTER TAIL POWER COMPANY

Docket No: GE20-002

Response to: SD Public Utilities Commission

Analyst: SD PUC Staff

Date Received: May 08, 2020

Date Due: May 22, 2020

Date of Response: May 22, 2020

Responding Witness: Peter J. Beithon, Manager, Regulatory Recovery - (218) 739-8607

Data Request:

- 1-3. Provide a complete listing of all cost increases (and cost decreases) the Company plans to include in the regulatory asset. For each of these items, include:
- a. The date the Company began incurring (or saving) the additional expense.
 - b. The amount of actual additional expense (or savings) to date.
 - c. The amount of additional expense (or savings) the Company estimates it will ultimately incur.
 - d. The actions the Company has taken to ensure the additional costs are kept to a minimum and cost savings are maximized

Attachments: 0

Response:

Bad Debt Expense:

- a. March 13, 2020
- b. As of April 30, 2020, \$330,000 (Total Company) has been incurred, Approx. \$33,000 (SD Total)
- c. As of April 30, 2020, the Company estimated an additional \$423,000 (Total Company), Approx. \$42,300 (SD Total) for the year.
- d. Although the Company has made the decision to not have disconnections on past due accounts during the pandemic, there has still been significant efforts made to work with customers on payment plans to assist customers as much as possible. Not only will this help customers with establishing reasonable payment plans but it will help in reducing bad debt expenses for the Company.

Health Insurance:

- a. March 13, 2020
- b. Unknown at time of Information Request
- c. The estimate by year end is \$160,000 (Total Company), Approx. \$16,000 (SD Total)
- d. The Company has waived the fees related to using telehealth services for employees. This will reduce office visit co-pays for employees as well as overall health insurance costs for which the company is responsible to cover over the employees deductible amounts.

Personal Protective Equipment (PPE) and Other O&M:

- a. March 13, 2020
- b. As of April 30, 2020, \$59,283 has been incurred.
- c. At this time, the Company does not have a good estimate for what the PPE costs may be for not only the current year for future years as well. We are a couple months into the pandemic which give us some history on what expenses may be, but it is too early to know what other costs may arise in the coming weeks and months.
- d. The Company is continually sourcing materials and supplies at competitive prices.

This is not an exhaustive list of the costs that Otter Tail may encounter attributable to the COVID-19 pandemic and thus there may be other areas that we seek to include in the deferred accounting request. Other areas may include: operational impacts such as sequestration costs for critical employees, administrative or financing costs associated with arrearages, technology to continue business operations from remote locations, training for employees, legal or regulatory expenses to determine and communicate responses, and other potential costs that are not known at the time of this response.

Otter Tail is also experiencing significant loss of load resulting from businesses being idled either as a precaution or in response to infected employees, or as a result of economic pressures or complying with governmental mandates. Otter Tail will quantify the revenue impact as the long-term effects become more apparent. Otter Tail may seek recovery of this lost revenue through the deferred accounting process.